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FloorPrep

Legislative Digest

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## -Update-

### Bills Considered Under Suspension of the Rules

#### H.R. 4762—The Full and Fair Political Activity Disclosure Act of 2000

**Floor Situation:** The House is scheduled to consider H.R. 4762 this evening under suspension of the rules. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

**Summary:** H.R. 4762 amends the Internal Revenue Code to require 527 organizations to disclose their political activities. This measure directs section 527 organizations as well as other groups, which are designated under Title 26 of the Internal Revenue Code, to file information returns with the Secretary of the Treasury which report contributions and expenditures relating to their disclosable activities (described below). In addition, section 527 organizations are required to file a “statement of organization” with the Secretary of the Treasury.

#### Required Information to be Disclosed

527 organizations subject to the enhanced reporting and disclosure requirements must include the following information in their returns: (1) a detailed description of the organization’s disclosable activities and the purpose and intended results of such disclosable activities (including the names of the candidates intended to be affected by the expenditures); (2) a list of expenditures made for a disclosable activity in excess of \$200; (3) a list containing the name and address of each person to whom the organization made any expenditure during the reporting period in an aggregate amount in excess of \$200; and (4) in the case of a reportable contributor (described below), (a) the name and address of the contributor, (b) the aggregate amount of contributions made, (c) the name and address (if any) of the person on whose behalf the contributor made the payment, and (d) the name and

address of any intended beneficiary of a payment that was designated for a different beneficiary

### **Disclosable Activities**

Under the bill all activities of the organization are disclosable, including pre- and post-election reports, names of contributors and amounts contributed and expenditures by section 527 entities.

### **Covered Entities**

Organizations with gross receipts in excess of \$25,000 or more for the taxable year must report and returns shall be made available to the public by the Secretary. There are penalties for failure to file the required disclosure reports with the Secretary.

### **Penalties**

The penalty for failure to file the returns or statements properly (required under the bill) is an amount equal to the highest corporate income tax rate (i.e., 35 percent) multiplied by the amount to which the failure relates. Additionally, the bill permits the Secretary of Treasury to make a written demand of a section 527 organization of a reasonable future date by which a return or statement will be filed. Any person who fails to comply with such a written demand is subject to a penalty of \$10 per day for each day after the expiration of the time specified in the demand for filing, up to a maximum penalty with respect to such statement of \$5,000. Finally, the penalty for failure to satisfy the public inspection requirements with respect to a statement of organization is \$20 for each day during which such failure continues up to a maximum of \$10,000 with respect to each failure.

The Senate adopted an amendment to the FY 2001 Department of Defense Authorization (S. 2549) to require only 527 organizations to disclose all contributions and expenditures. An official CBO estimate was unavailable at press time. The bill was not considered by any committee.



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